GREATER GIYANI MUNICIPALITY

NDHAVUKO I RIPUWO

Annual Financial Statements

for the year ended 30 June 2011

GREATER GIYANI MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2011

GENERAL INFORMATION

Legal form of entity	Local Municipality
Grading of local authority	Grade 3
Speaker	JT Chabalala
Chief Whip	MN Maswanganyi
Executive Committee Councillors	MP Hlungwani (Mayor) NPH Ndhaba MR Rikhotso NM Rikhotso KA Manganyi GA Maluleke J Baloyi TE Chauke N Khandlela WW Mhlongo
Accounting Officer	GI Masingi
Chief Finance Officer	E Makamu
Business address	BA 59 Civic Centre GIYANI
Postal address	Private X9559 GIYANI 0826
Bankers	First National Bank Giyani Branch
Audit Committee	MJ Malatji (Chairperson) RM Phasha TC Modipane OJO Groenewald

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The reports and statements set out below comprise the annual financial statements presented to the Audit Committee of Greater Giyani Municipality:

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Abbreviations

COID	Compensation for Occupational Injuries and Diseases
CRR	Capital Replacement Reserve
DBSA	Development Bank of South Africa
SA GAAP	South African Statements of Generally Accepted Accounting Practice
GRAP	Generally Recognised Accounting Practice
GAMAP	Generally Accepted Municipal Accounting Practice
HDF	Housing Development Fund
IAS	International Accounting Standards
IMFO	Institute of Municipal Finance Officers
IPSAS	International Public Sector Accounting Standards
ME's	Municipal Entities
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant (Previously CMIP)

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ACCOUNTING OFFICER'S RESPONSIBILITIES AND APPROVAL

The accounting officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the annual financial statements fairly present the state of affairs of the municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are responsible for reporting on the fair presentation of the annual financial statements

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practices (GRAP). The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The accounting officer acknowledges ultimate responsibility for the system of internal financial control established by the municipality and place considerable importance on maintaining a strong control environment. To enable the accounting officer to meet these responsibilities, the accounting officer sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the municipality and all employees are required to maintain the highest ethical standards in ensuring the municipality's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the municipality is on identifying, assessing, managing and monitoring all known forms of risk across the municipality. While operating risk cannot be fully eliminated, the municipality endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The accounting officer is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The accounting officer has reviewed the municipality's cash flow forecast for the year to 30 June 2012 and, in the light of this review and the current financial position, is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

The municipality is wholly dependent on the service charges and grants for continued funding of operations. The annual financial statements are prepared on the basis that the municipality is a going concern and that the Greater Giyani Municipality has neither the intention nor the need to liquidate or curtail materially the scale of the municipality.

The Accounting Officer further certifies that the remuneration of councillors as disclosed in the relevant note to the financial statements is in accordance with the Public Office Bearers Act (Act 20 of 1998) and the Minister of Co-operative Governance and Traditional Affairs 's determination of upper limits of the salaries, allowances and benefits as promulgated annually.

The annual financial statements set out on pages 5 to 47, which have been prepared on the going concern basis, were approved on 31 August 2011 and were signed on behalf of the Municipality by:

GI MASINGI
ACCOUNTING OFFICER

31/8/2011.
DATE

GREATER GIYANI MUNICIPALITY

Annual Financial Statements for the Year Ended 30 June 2011

STATEMENT OF FINANCIAL POSITION

	Notes	2011 R	2010 R
ASSETS			
Current Assets			
Inventories	4	678 175	400 556
Trade and other receivables	5	3 475 975	339 655
Vat Receivable	6	14 777 988	17 205 227
Consumer debtors	7	2 239 181	1 865 593
Cash and cash equivalents	8	25 490 367	2 861 766
Total current assets		**46 661 687**	**22 672 797**
Short term investments	35	**199 558**	**186 419**
Non Current assets			
Property, plant and equipment	3	174 894 362	158 268 970
Total non current assets		**174 894 362**	**158 268 970**
TOTAL ASSETS		**221 755 607**	**181 128 185**
LIABILITIES AND NET ASSETS			
Liabilities			
Current Liabilities			
Trade and other payables	12	20 857 661	19 031 910
Unspent conditional grants	11	13 273 915	700 752
Provisions		-	-
Bank overdraft	8	-	-
Total Current Liabilities		**34 131 576**	**19 732 662**
Non Current Libailties			
Accumulated surplus	9	**187 624 031**	**161 395 524**
TOTAL LIABILITIES AND NET ASSETS		**221 755 607**	**181 128 185**

GREATER GIYANI MUNICIPALITY

Annual Financial Statements for the Year Ended 30 June 2011

STATEMENT OF FINANCIAL PERFORMANCE

	Notes	2011 R	2010 R
REVENUE			
Property rates	14	12 918 865	13 254 631
Service charges	15	3 877 741	3 711 181
Gain or loss on disposal of assets		-	-
Rental of facilities and equipment		442 135	446 803
Income from agency services	33	971 918	8 036 411
Fines		102 669	184 740
Licences and permits		3 734 985	2 836 130
Government grants and subsidies	16	124 307 073	109 560 811
Other grants		-	2 448 856
Other income	32	1 390 786	942 681
Interest received - investment		1 557 281	797 853
TOTAL REVENUE		**149 303 453**	**142 220 096**
EXPENDITURE			
Employee related costs	18	59 596 322	63 010 839
Remuneration of councillors	19	12 899 710	12 255 831
Depreciation and amortisation	22	17 957 124	14 122 016
Finance costs	23	234 585	38 421
Debt impairment	20	4 987 815	7 862 696
Repairs and maintenance		2 969 158	1 520 109
Bulk purchases - water		-	-
Contracted services	27	1 436 454	2 222 797
General expenses	17	33 444 616	27 344 350
TOTAL EXPENDITURE		**133 525 783**	**128 377 059**
Total Revenue		149 303 453	142 220 096
Total Expenditure		-133 525 783	-128 377 059
(DEFICIT) SURPLUS FOR THE YEAR		**15 777 670**	**13 843 038**

GREATER GIYANI MUNICIPALITY

Annual Financial Statements for the Year Ended 30 June 2011

STATEMENT OF CHANGES IN NET ASSETS

		Acc Surplus	Total
Balance as at 01 July 2009		42 620 682	42 620 682
Fair value recognition - prior year		104 931 798	104 931 798
Surplus for the year ended 30 June 2010		13 843 038	13 843 038
Balance as at 30 June 2010 as previously reported		**161 395 517**	**161 395 517**
Correction of errors prior year -		**10 450 837**	**6 434 337**
		-	-
Prior year debtors movement	9.2	-126 618	-126 618
		4 016 500	
Fair value recognition - PPE	9.2	6 560 955	6 560 955
Prior year adjustments	9.1	-	-
Re-stated balance as at 30 June 2010		**171 846 354**	**167 829 854**
Opening balance as at 01 July 2010		171 846 354	167 829 854
Current year changes in net assets -		**15 777 670**	**15 777 670**
		-	-
Surplus for the year		15 777 670	15 777 670
Balance at end of year		**187 624 024**	**183 607 524**

GREATER GIYANI MUNICIPALITY

Annual Financial Statements for the Year Ended 30 June 2011

CASHFLOW STATEMENT

	Notes	2011 R	2010 R
Cashflows from operating activities			
Receipts			
Sale of goods and services		16 796 606	16 965 813
Grants		124 307 073	112 009 666
Interest income		1 557 281	797 853
Other receipts		30 029 602	15 449 423
		172 690 562	**145 222 755**
Payments			
Employee costs		-72 496 032	-75 266 670
Suppliers		-37 850 227	-31 087 256
Finance costs		-234 585	-38 421
Other payments		-8 915 100	-11 080 517
		-119 495 944	**-117 472 864**
Total receipts		172 690 562	145 222 755
Total payments		-119 495 944	-117 472 864
Net cashflows from operating activities	28	**53 194 618**	**27 749 891**
Cashflows from investing activities			
Purchase of property, plant and equipment	3	-44 631 843	-126 581 461
Fair value recognition -PPE	3	8 305 141	104 931 798
Net accumulated depr adjustments	3.5	1 744 186	
Recognition of sale (Auction)		4 016 500	-
Net cashflows from investing activities		**-30 566 016**	**-21 649 663**
Net increase (decrease) in cash and cash equivalents		**22 628 601**	**6 100 228**
Cash and cash equivalents at beginning of year		2 861 767	-3 238 461
Cash and cash equivalents at end of year	8	**25 490 368**	**2 861 767**

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with South African Statements of Generally Recognised Accounting Practice (GRAP) issued by the Accounting Standards Board in accordance with the Municipal Finance Management Act (Act 56 of 2003).These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise. They are presented in South African Rand. These accounting policies are consistent with the previous period.

1.1 Significant Judgements

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual statements and related disclosure. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements

Use of estimates

The preparation of financial statements in conformity with Generally Recognised Accounting Practice requires the use of certain of critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Municipality's accounting policies The area involving a higher degree of judgement or complexity, or area where assumptions and estimates are significant to financial statements are disclosed in the relevant sections of the financial statements. Although these estimates are based on management's best knowledge of current events and actions they may undertake in the future, actual results ultimately may differ from those estimates.

1.2 Presentation of Currency

These annual financial statements are presented in South African Rand.

1.3 Going concern assumption

These annual financial statements have been prepared on a going concern basis

1.4 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period. Property, plant and equipment is initially measured at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management

Where an asset is acquired at no cost, or for a nominal cost, its cost is its fair value as at date of acquisition. Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses except for Infrastructure assets which is carried at re-valued amount being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

When an item of property, plant and equipment is re-valued, any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset and the net amount restated to the re-valued amount of the asset

The revaluation surplus in equity related to a specific item of property, plant and equipment is transferred directly to retained earnings as the asset is used. The amount transferred is equal to the difference between depreciation based on the re-valued carrying amount and depreciation based on the original cost of the asset.

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value. The useful lives of items of property, plant and equipment have been assessed as follows:

Item	**Average useful life**
Buildings	30
Plant and equipment	2-15
Motor vehicles	4-7
Office equipment	3-7
IT equipment	3-5
Community halls	30
Roads, pavements, bridges and storm water	10-30
Security measures	3-10
Libraries	30
Car parks, bus terminals and taxi ranks	20
Street lighting	20-25
Refuse sites	30
Fire services	30
Clinics	30
Cemeteries	30
Park and gardens	10-30
Street names, signs and parking meters	5
Sport fields	10-30
Specialised vehicles	15
Water meters	7
Sewerage purification and reticulation	15-20
Water reservoirs and reticulation	15-20
Housing 30	
Electricity reticulation	15-30

The residual value, and the useful life and depreciation method of each asset are reviewed at the end of each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. The depreciation charge for each period is recognised in surplus or deficit

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from de-recognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the de-recognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

Assets which the municipality holds for rentals to others and subsequently routinely sell as part of the ordinary course of activities, are transferred to inventories when the rentals end and the assets are available-for-sale. These assets are not accounted for as non-current assets held for sale. Proceeds from sales of these assets are recognised as revenue. All cash flows on these assets are included in cash flows from operating activities in the cash flow statement.

Exemptions
The municipality has adopted Directive 4 issued by the Accounting Standards Board in March 2009, paragraph 71 to .83, which allows a period of 3 years from the date of initial adoption of GRAP 17 to comply in full with the recognition requirements of the standard.

1.5 Financial instruments

Classification
The municipality classifies financial assets and financial liabilities into the following categories: Classification depends on the purpose for which the financial instruments were obtained/ incurred and takes place at initial recognition. Classification is re-assessed on an annual basis, except for derivatives and financial assets designated as at fair value through surplus or deficit, which shall not be classified out of the fair value through surplus or deficit category.

Trade and other receivables
A provision for impairment is established when there is objective evidence that the municipality will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor and default or delinquency in payments of all debt outstanding for more than 120 days are considered indicators that the trade receivables are impaired. Bad debts are written off during the year in which they are identified as irrecoverable, which may not be the date on which the provision is raised.

Trade and other payables
Trade creditors are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method.

Cash and cash equivalents
Cash includes cash on hand and cash with banks. Cash equivalents are short-term investments that are held with registered banking institutions with maturities of 32 days or daily calls.
For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks and investments in financial instruments, net of bank overdrafts. Bank overdrafts are recorded on the facility utilised. Finance charges on bank overdrafts are expensed as incurred.

Bank overdraft and borrowings
Bank overdrafts and borrowings are initially measured at cost, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the municipality's accounting policy for borrowing costs.

1.6 Investments held-to-maturity

Subsequent to initial recognition, held-to-maturity assets are measured at amortised cost calculated using the effective interest method. Investments which include listed government bonds, unlisted municipal bonds, fixed deposits and short term deposits invested in registered banks are stated at cost.

Where investments have been impaired, the carrying value is adjusted by the impairment loss and this is recognised as an expense in the period that the impairment is identified.

Surplus funds are invested in terms of Council's Investment Policy. Investments are only made with financial institutions registered in terms of the Deposit Taking Institutions Act of 1990 with an A1 or similar rating institution for safe investment purposes. The investment period should be such that it will not be necessary to borrow funds against the investments at a penalty interest rate to meet commitments.

1.7 Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments They are included in current assets, except for maturities in excess of 12 months which are classified as non-current assets.

Loans and receivables are recognised initially at cost which represents fair value. After initial recognition financial assets are measured at amortised cost using the effective interest rate.

1.8 Leases

Operating leases – lessee

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease payments or receipts are recognised on the basis of the actual cash inflows and outflows.

1.9 Inventories

The cost of inventories comprises of all costs of purchase, costs of development, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Consumable stores, raw materials, work in progress, unused water, and finished goods are valued at the lower of cost and net realisable value. In general, the basis of determining cost is the weighted average cost of commodities.

Redundant and slow-moving stock are identified and written down with regard to their estimated economic or realisable values and sold following the municipality's approved disposal strategy. Consumables are written down with regard to age, condition and utility.

Unsold properties are valued at the lower of cost and net realisable value on a specific identification cost basis. Direct costs are accumulated for each separately identifiable development Costs also include a proportion of overhead costs.

1.10 Turnover

Turnover comprises the invoiced values of the consideration received or receivable for the sale of goods and services in the ordinary course of the Municipality's activities. Revenue is shown net of value added tax, rebates and discounts and after eliminated revenue within departments of the Municipality.

Revenue from Exchange Transactions

Service charges relating to water are based on consumption. Meter readings are taken on a monthly basis and are recognised as revenue when invoiced. Provisional estimates are not used to estimate the revenue.

Revenue from sale of goods is recognised when the risks and rewards of ownership are passed to purchaser. Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant gazetted tariff. This includes the issuing of licences and permits.

Interest and rentals are recognised on a time proportion basis. Income for agency services is recognised on a monthly basis once the income collected on behalf of agents has been quantified. The income recognised is in terms of the agency agreement.

Revenue from public contributions is recognised when all conditions associated with the contribution have been met Where public contribution has been received but municipality has not met the condition, a liability is recognised.
Revenue from property rates is recognised when the legal entitlement to this revenue arises. Adjustments or interim rates are recognised once the municipal valuer has valued the change to properties.

Collection charges are recognised when such amounts are legally enforceable.

Fines constitute both spot fines and summons. Revenue from spot fines and summons is recognised when payment is received.

Donations are recognised on a cash receipt basis or where the donation is in the form of property, plant and equipment at the fair value of the consideration received or receivable. Contributed property, plant and equipment is recognised when the deed of transfer is signed or when title of the items of property, plant and equipment is transferred to the Municipality, whichever happens first.

1.11 Provisions and contingencies

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date. Where the effect of time value of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation. The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the municipality settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying

economic benefits or service potential will be required, to settle the obligation. A provision is used only for expenditure for which the provision was originally recognised. Provisions are not recognised for future operating deficits.

If the municipality has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision. No obligation arises as a consequence of the sale or transfer of an operation until the municipality is committed to the sale or transfer, that is, there is a binding agreement.

After their initial recognition contingent liabilities recognised in business combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note.

1.12 Conditional Grants and receipts

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met a liability is raised.

1.13 Unauthorised expenditure

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act 56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.14 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Act (Act 56 of 2003), the Municipal Systems Act (Act 32 of 2000), Remuneration of Public Office Bearers Act (Act 20 of 1998) or is in contravention of the municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.15 Fruitless and wasteful expenditure

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance

1.16 Comparative figures

Actual prior year amounts have been included in the annual financial statements for the current financial year only. When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are reclassified. The nature and reason for the reclassification is disclosed.

1.17 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of surplus sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance

Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

Payments made to Municipal Employees Pension Fund, Municipal Gratuity Fund and SAMWU Provident Fund-managed retirement benefit schemes are dealt with as defined contribution plans where the municipality's obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan. Councillors are members of the Municipal Councillors Pension Fund that was established in terms of the Remuneration of the Public Office Bearers Act 1998 (Act 20 of 1998).

Obligations for contributions to defined contribution plans are recognised as an expense in the income statement as incurred. Contributions to the defined contribution pension plan in respect of service in a particular period are included in the employees' total cost of employment and are charged to the statement of financial performance in the year to which they relate as part of cost of employment.

1.18 Borrowing costs

All other borrowing costs are recognised as an expense in the period in which they are incurred.

Capitalisation ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete. When the municipality completes the construction of a qualifying asset in parts and each part is capable of being used while construction continues on other parts, the entity ceases capitalising borrowing costs when it completes substantially all the activities necessary to prepare that part for its intended use or sale.

1.19 Consumer Deposits

Consumer deposits are a partial security for a future payment of an account. All consumers are therefore required to pay a deposit equal to two months consumption of electricity and water services Deposits are considered a liability as the deposit is only refunded once the service is terminated. No interest is paid on deposits as the GGM is not a deposits taking institution in terms of Banking Act. For the current financial period consumer deposits have been waived by council decision.

1.20 Events after balance sheet date

Recognised amounts in the financial statements are adjusted to reflect events arising after the balance sheet date that provide evidence of conditions that existed at the balance sheet date. Events after the balance sheet date that are indicative of conditions that arose after the balance sheet date are dealt with by way of a note to the financial statements.

1.21 Value Added Tax

VAT is payable on the receipts basis. Only once the payment is received from debtors is VAT paid over SARS.

1.22 Impairment of cash-generating assets

Cash-generating assets are those assets held by the municipality with the primary objective of generating a commercial return.
When an asset is deployed in a manner consistent with that adopted by a profit-orientated entity, it generates a commercial return.
Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).
Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.
A cash-generating unit is the smallest identifiable group of assets held with the primary objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable amount of an asset or a cash-generating unit is the higher its fair value less costs to sell and its value in use.

Useful life is the period of time over which an asset is expected to be used by the municipality.

Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the municipality receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

1.23 Offsetting

Assets, liabilities, revenue and expenses have not been offset.

2. New Standards and Interpretations

2.1 IFRIC 16 (AC 449) Hedges of a Net Investment in a Foreign Operation

The interpretation deals with the following issues:

- Presentation currency does not create an exposure to which an entity may apply hedge accounting.
- Consequently, a parent entity may designate as a hedged risk only the foreign exchange differences arising from
- a difference between its own functional currency and that of its foreign operation.
- Any entity or entities within a group can hold a hedging instrument in a hedge of a net investment in a foreign
- operation. The parent entity holding the net investment in a foreign operation therefore does not also have to hold the hedging instrument.
- How an entity should determine the amounts to be reclassified from equity to profit or loss for both the hedging instrument and the hedged item when the entity disposes of the investment.
- IAS 39 (AC 133) Financial Instruments: Recognition and Measurement must be applied to determine the amount that needs to be reclassified to profit or loss from the foreign currency translation reserve in respect of the hedging instrument, and IAS 21 (AC 112) The Effects of Changes in Foreign Exchange Rates must be applied in respect of the hedged item.

The effective date of the interpretation is for years beginning on or after 01 October 2008. The municipality has adopted the interpretation for the first time in the 2010 annual financial statements. In the current financial year, the standard is not relevant to the municipality's operations.

2.2 IFRIC 15 (AC 448) Agreements for the Construction of Real Estates

IFRIC 15 (AC 448) specifies whether an agreement for the construction of real estate is within the scope of IAS 11 (AC 109): construction Contracts or IAS 18 (AC 111): revenue, and thus impacts the related recognition of revenue. An agreement for the construction of real estate is a construction contract within the scope of IAS 11 (AC 109) only when the buyer is able to specify the major structural elements of the design of the real estate before construction begins and/or specify major structural changes once construction is in progress. Revenue in such cases should be determined in accordance with the percentage of completion of the contract. In all other cases, IAS 18 (AC 111) applies. If IAS 18 (AC 111) applies and the entity is required to provide the materials for the construction as well as carry out the construction activity, the supply represents the sale of goods. In such cases, revenue is recognised on delivery of the constructed asset. If the entity is not required to provide materials, but only to construct the real estate, the supply is the rendering of services, and revenue should be recognised on the percentage of completion basis.

The effective date of the interpretation is for years beginning on or after 01 January 2009. The municipality has adopted the interpretation for the first time in the 2010 annual financial statements. In the current financial year, the standard is not relevant to the municipality's operations

2.3 IFRS 2 (AC 139) Amendment: IFRS 2 – Share-based Payment: Vesting Conditions and Cancellations

The amendment clarifies that vesting conditions are only performance conditions or service conditions. All other conditions are non-vesting conditions. Non-vesting conditions are accounted for in the same manner as market conditions. It further clarifies that if either party can choose not to satisfy a non-vesting condition, then the arrangement is treated as a cancellation upon non fulfilment of that condition.

The effective date of the amendment is for years beginning on or after 01 January 2009. The municipality has adopted the amendment for the first time in the 2010 annual financial statements. In the current financial year, the standard is not relevant to the municipality's operations.

2.4 IAS 32 (AC 125) Financial Instruments: Presentation and IAS 1 (AC 101) Presentation of Financial Statements Amendment: Puttable Financial Instruments and obligations Arising on Liquidation

The revision requires that certain puttable financial instruments and other instruments that impose on the entity an obligation to deliver a pro rata share of the net assets of the entity on liquidation should be classified as equity if certain conditions are met. Any classifications of such items are to be disclosed in the financial statements, together with information concerning the entity's objectives and policies with regards to managing such obligations.

The effective date of the standard is for years beginning on or after 01 January 2009. The municipality has adopted the standard for the first time in the 2010 annual financial statements. In the current financial year, the standard is not relevant to the municipality's operations.

2.5 May 2008 Annual Improvements to IFRS's: Amendments to IFRS 7 (AC 144) Financial Instruments: Disclosures

The amendment relates to changes in the Implementation Guidance of the Standard. 'Total interest income' was removed as a component of finance costs from paragraph IG13. This was to remove inconsistency with the requirement of IAS 1 (AC 101) Presentation of Financial Statements which precludes the offsetting of income and expenses.

The effective date of the amendment is for years beginning on or after 01 January 2009. The municipality has adopted the amendment for the first time in the 2010 annual financial statements. In the current financial year, the standard is not relevant to the municipality's operations.

2.6 May 2008 Annual Improvements to IFRS's: Amendments to IAS 19 (AC 116) Employee Benefits

With regards to curtailments and negative past service costs clarification has been made that:

- When a plan amendment reduces benefits, the effect of the reduction for future service is a curtailment and the effect of any reduction for past service is a negative past service cost;

- Negative past service cost arises when a change in the benefits attributable to past service results in a reduction in the present value of the defined benefit obligation; and
- A curtailment may arise from a reduction in the extent to which future salary increases are linked to the benefits payable for past service.

The definition of 'return on plan assets' has also been amended to require the deduction of plan administration costs only to the extent that such costs have not been reflected in the actuarial assumptions used to measure the defined benefit obligation. The term "fall due" in the definition of "short term employee benefits" has been replaced with "due to be settled".

The effective date of the amendment is for years beginning on or after 01 January 2009. The municipality has adopted the amendment for the first time in the 2010 annual financial statements In the current financial year, the standard is not relevant to the municipality's operations.

2.7 May 2008 Annual Improvements to IFRS's: Amendments to IFRS 7 (AC 144) Financial Instruments: Disclosures; IAS 32 (AC 125) Financial Instruments: Presentation; IAS 28 (AC 110) Investments in Associates and IAS 31 (AC 119) Interests in Joint Ventures

The amendment adjusted the disclosure requirements of investments in associates and interests in joint ventures which have been designated as at fair value through profit or loss or are classified as held for trading. The amendment provides that only certain specific disclosure requirements of IAS 28 (AC 110) Investments in Associates and IAS 31 (AC 119) Interests in Joint Ventures are required together with the disclosures of IFRS 7 (AC 144) Financial Instruments: Disclosures; IAS 32 (AC 125) Financial Instruments: Presentation.

The effective date of the amendment is for years beginning on or after 01 January 2009. The municipality has adopted the amendment for the first time in the 2010 annual financial statements. In the current financial year, the standard is not relevant to the municipality's operations.

2.8 May 2008 Annual Improvements to IFRS's: Amendments to IAS 36 (AC 128) Impairment of Assets

The amendment requires disclosures of estimates used to determine the recoverable amount of cash-generating units containing goodwill or intangible assets with indefinite useful lives. Specifically, the following disclosures are required when discounted cash flows are used to estimate fair value less costs to sell:

- The period over which management has projected cash flows;
- The growth rate used to extrapolate cash flow projections; and
- The discount rate(s) applied to the cash flow projections.

The effective date of the amendment is for years beginning on or after 01 January 2009 The municipality has adopted the amendment for the first time in the 2010 annual financial statements. The interpretation has no impact on the accounting policies already adopted.

2.9 May 2008 Annual Improvements to IFRS's: Amendments to IAS 39 (AC 133) Financial Instruments: Recognition and Measurement

IAS 39 (AC 133) prohibits the classification of financial instruments into or out of the fair value through profit or loss category after initial recognition. The amendments set out a number of changes in circumstances that are not considered to be reclassifications for this purpose.
The amendments have also removed references to the designation of hedging instruments at the segment level. The amendments further clarify that the revised effective interest rate calculated when fair value hedge accounting ceases, in accordance with paragraph 92 IAS 39 (AC 133) should be used for the re-measurement of the hedged item when paragraph AG8 of IAS 39 (AC 133) is applicable.

The effective date of the amendment is for years beginning on or after 01 January 2009. The municipality has adopted the amendment for the first time in the 2010 annual financial statements. The interpretation has no impact on the current financial statements.

2.10 IAS 36 (AC 128) Impairment of Assets: Consequential amendments

Under certain circumstances, a dividend received from a subsidiary, associate or joint venture could be an indicator of impairment. This occurs when:

- Carrying amount of investment in separate financial statements is greater than carrying amount of investee's net
- assets including goodwill in consolidated financial statements or
- Dividend exceeds total comprehensive income of investee in period dividend is declared.

The effective date of the amendment is for years beginning on or after 01 January 2009. The municipality has adopted the amendment for the first time in the 2010 annual financial statements. In the current financial year, the standard is not relevant to the municipality's operations.

2.11 IFRS 3 (AC 140) (Revised) Business Combinations

The revisions to IFRS 3 (AC 140) Business combinations require:

- Acquisition costs to be expensed.
- Non-controlling interest to either be calculated at fair value or at their proportionate share of the net identifiable assets of the acquiree.
- Contingent consideration to be included in the cost of the business combination without further adjustment to goodwill, apart from measurement period adjustments.
- All previous interests in the acquiree to be remeasured to fair value at acquisition date when control is achieved in stages, and for the fair value adjustments to be recognised in profit or loss.
- Goodwill to be measured as the difference between the acquisition date fair value of consideration paid, non-controlling interest and fair value of previous shareholding and the fair value of the net identifiable assets of the acquiree.
- The acquirer to reassess, at acquisition date, the classification of the net identifiable assets of the acquiree, except for leases and insurance contracts.
- Contingent liabilities of the acquiree to only be included in the net identifiable assets when there is a present obligation with respect to the contingent liability.

The effective date of the standard is for years beginning on or after 01 July 2009. The municipality has adopted the standard for the first time in the 2010 annual financial statements. In the current financial year, the standard is not relevant to the municipality's operations

2.12 IAS 12 (AC 102) Income Taxes – consequential amendments due to IAS 27 (AC 132) (Amended) Consolidated and Separate Financial Statements

The amendment is as a result of amendments to IAS 27 (AC 132) Consolidate and Separate Financial Statements. The amendment refers to situations where a subsidiary, on acquisition date, did not recognise a deferred tax asset in relation to deductible temporary differences, because, for example, there may not have been sufficient future taxable profits against which to utilise the deductible temporary differences. If the deferred tax asset subsequently becomes recognisable, the amendment now requires that the deferred tax asset should be recognised against goodwill (and profit or loss to the extent that it exceeds goodwill), only if it results from information in the measurement period about circumstances that existed at acquisition date. No adjustment may be made to goodwill for information outside of the measurement period.
The effective date of the amendment is for years beginning on or after 01 July 2009.

The municipality has adopted the amendment for the first time in the 2010 annual financial statements. In the current financial year, the standard is not relevant to the municipality's operations

2.13 May 2008 Annual Improvements to IFRS's: Amendments to IFRS 5 (AC 142) Non-current Assets Held for Sale and Discontinued Operations

The amendment clarifies that assets and liabilities of a subsidiary should be classified as held for sale if the parent is committed to a plan involving loss of control of the subsidiary, regardless of whether the entity will retain a non-controlling interest after the sale.

The effective date of the amendment is for years beginning on or after 01 July 2009.
The municipality has adopted the amendment for the first time in the 2010 annual financial statements. In the current financial year, the standard is not relevant to the municipality's operations.

2.14 IAS 39 (AC 133) Financial Instruments: Recognition and Measurement - Amendments for eligible hedged items

The amendment provides clarification on two hedge accounting issues:
- Inflation in a financial hedged item and
- A one sided risk in a hedged item.

The effective date of the amendment is for years beginning on or after 01 July 2009.
The municipality has adopted the amendment for the first time in the 2010 annual financial statements. In the current financial year, the standard is not relevant to the municipality's operations.

2.15 Amendment to IAS 39 (AC 133) and IFRS 7 (AC 144): Reclassification of Financial Assets

The amendment permits an entity to reclassify certain financial assets out of the fair value through profit or loss category if certain stringent conditions are met. It also permits an entity to transfer from the available for sale category to loans and receivables under certain circumstances. Additional disclosures are required in the event of any of these reclassifications.

The effective date of the amendment is for years beginning on or after 01 July 2009. The municipality has adopted the amendment for the first time in the 2010 annual financial statements. The interpretation has no impact on the current financial statements.

2.16 GRAP 4: The Effects of Changes in Foreign Exchange Rates

The initial application of GRAP 4 will have no impact on the annual financial statements. The following Directives also need to be considered:
Directive 2 - Transitional provisions for public entities, municipal entities and constitutional institutions, requires retrospective application on the initial adoption of the Standard except for the acquisition of foreign operations.
Directive 3 - Transitional provisions for high capacity municipalities requires retrospective application of the Standard.
Directive 4 - Transitional provisions for medium and low capacity municipalities requires retrospective application of the Standard.

The effective date of the standard is for years beginning on or after 01 April 2009. The municipality has adopted the standard for the first time in the 2010 annual financial statements. In the current financial year, the standard is not relevant to the municipality's operations.

2.17 GRAP 5: Borrowing Costs

This Standard allows entities, in the exceptionally rare cases, to expense borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. This applies when it is inappropriate to capitalise borrowing costs. It is inappropriate to capitalise borrowing costs when, and only when, there is clear evidence that it is difficult to link the borrowing requirement of an entity directly to the nature of the expenditure to be funded i.e. capital or current. In such cases, an entity shall expense those borrowing costs related to a qualifying asset directly to the statement of financial performance. The following Directives also need to be considered:

Directive 2 - Transitional provisions for public entities, municipal entities and constitutional institutions requires that the Standard will only apply to borrowing costs incurred on qualifying assets where the commencement date for capitalisation is on or after the effective date of the Standard.
Directive 3 - Transitional provisions for high capacity municipalities requires that the Standard will only apply to borrowing costs incurred on qualifying assets where the commencement date for capitalisation is on or after the effective date of the Standard.
Directive 4 - Transitional provisions for medium and low capacity municipalities requires only prospective application of the Standard and only will apply to borrowing costs incurred on qualifying assets where the commencement date for capitalisation is on or after the effective date of the Standard.

The effective date of the standard is for years beginning on or after 01 April 2009. The municipality has adopted the standard for the first time in the 2010 annual financial statements. In the current financial year, the standard is not relevant to the municipality's operations

2.18 GRAP 6: Consolidated and Separate Financial Statements

GRAP 6 includes specific guidance on whether control exists and on power conditions to determine whether control exits in a public sector context – public sector entities need to consider impact of this guidance to determine whether an investment should be accounted for in accordance with GRAP 6. GRAP 6 includes specific guidance and explanatory material on the accounting of special purpose entities adopted from SIC 12 – SA specific public sector amendment Public sector entities need to consider impact of this guidance to determine whether an investment should be accounted for in accordance with GRAP 6. The initial application of GRAP 6 will have no impact on the annual financial statements. The following Directives also need to be considered:

Directive 2 - Transitional provisions for public entities, municipal entities and constitutional institutions, requires retrospective application of the Standard.
Directive 3 - Transitional provisions for high capacity municipalities requires retrospective application of the Standard for separate annual financial statements. For consolidated annual financial statements the result of initially adopting the Standard shall be recognised in the economic entity as an adjustment to the opening balance of accumulated surplus or deficit and comparative information need not be restated for the economic entity.
Directive 4 - Transitional provisions for medium and low capacity municipalities requires retrospective application of the Standard for separate annual financial statements. For consolidated annual financial statements the result of initially adopting the Standard shall be recognised in the economic entity as an adjustment to the opening balance of accumulated surplus or deficit and comparative information need not be restated for the economic entity.

The effective date of the standard is for years beginning on or after 01 April 2009.
The municipality has adopted the standard for the first time in the 2010 annual financial statements. In the current financial year, the standard is not relevant to the municipality's operations.

2.19 GRAP 7: Investments in Associates

An associate is an entity in which the investor has significant influence and which is neither a controlled entity nor a joint venture of the investor. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control over those policies. The investor must exercise judgement in the context of all available information to determine if it has significant influence over an investee. An investor accounts for investments in associates in the consolidated annual financial statements using the equity method. The initial application of GRAP 7 will have no impact on the annual financial statements. The following Directives also need to be considered:

Directive 2 - Transitional provisions for public entities, municipal entities and constitutional institutions, requires retrospective application of the Standard.
Directive 3 - Transitional provisions for high capacity municipalities requires retrospective application of the Standard for separate annual financial statements. Any adjustments required to annual financial statements as a result of initially applying the equity method shall be recognised as an adjustment to the opening balance of accumulated surplus or deficit of the period in which the Standard is adopted. Comparative information need not be restated in these annual financial statements.
Directive 4 - Transitional provisions for medium and low capacity municipalities requires retrospective application of the Standard for separate annual financial statements. Any adjustments required to annual financial statements as a result of

initially applying the equity method shall be recognised as an adjustment to the opening balance of accumulated surplus or deficit of the period in which the Standard is adopted. Comparative information need not be restated in these annual
financial statements.
The effective date of the standard is for years beginning on or after 01 April 2009.
The municipality has adopted the standard for the first time in the 2010 annual financial statements. In the current financial year, the standard is not relevant to the municipality's operations.

2.20 GRAP 8: Interests in Joint Ventures

GRAP 8 uses a different definition for joint venture and joint control – contractual arrangement has been replaced by binding arrangement (public sector amendment) – public entities need to review current arrangements to determine whether they fall within the scope of GRAP 8 as a result of the public sector amendment. Applying the definition of joint control as defined in this Standard may result in the identification of other entities that are also jointly controlled ventures in addition to those identified by complying with applicable legislation. GRAP 8 incorporates guidance adopted from SIC13 on Non-monetary Contributions by ventures issued by the IASB i.e. provisions for accounting for non-monetary contributions to a jointly controlled entity in exchange for an equity interest in the jointly controlled entity that is accounted for using either the equity method or proportionate consolidation. (Par.57-62). The following Directives also need to be considered:

Directive 2 - Transitional provisions for public entities, municipal entities and constitutional institutions, requires retrospective application of the Standard.
Directive 3 - Transitional provisions for high capacity municipalities requires retrospective application of the Standard for separate annual financial statements. Any adjustments required to annual financial statements as a result of initially
applying the equity or proportionate consolidation method shall be recognised as an adjustment to the opening balance of accumulated surplus or deficit of the period in which the Standard is adopted Comparative information need not be restated in these annual financial statements.
Directive 4 - Transitional provisions for medium and low capacity municipalities requires retrospective application of the Standard for separate annual financial statements. Any adjustments required to annual financial statements as a result of initially applying the equity or proportionate consolidation method shall be recognised as an adjustment to the opening balance of accumulated surplus or deficit of the period in which the Standard is adopted. Comparative information need not be restated in these annual financial statements.

The effective date of the standard is for years beginning on or after 01 April 2009.
The municipality has adopted the standard for the first time in the 2010 annual financial statements. In the current financial year, the standard is not relevant to the municipality's operations.

2.21 GRAP 9: Revenue from Exchange Transactions

The definition of revenue in terms of GRAP 9 incorporates the concept of service potential. Revenue is the gross inflow of economic benefits or service potential when those inflows result in an increase in net assets, other than increases relating to contributions from owners. Entities may derive revenue from exchange or non-exchange transactions.

An exchange transaction is one in which the entity receives resources or has liabilities extinguished, and directly gives approximately equal value to the other party in exchange. Non-exchange revenue transaction is a transaction where an entity receives value from another entity without directly giving approximately equal value in exchange.

An entity recognises revenue when it is probable that economic benefits or service potential will flow to the entity, and the entity can measure the benefits reliably.

GRAP 9 clarifies that this Standard only applies to revenue from exchange transactions. Other than terminology difference, there is no effect on initial adoption of Standard on GRAP 9. The following Directives also need to be considered:

Directive 2 - Transitional provisions for public entities, municipal entities and constitutional institutions requires retrospective application of this Standard.
Directive 3 - Transitional provisions for high capacity municipalities requires retrospective application of the Standard
Directive 4 - Transitional provisions for medium and low capacity municipalities requires retrospective application of the Standard.

The effective date of the standard is for years beginning on or after 01 April 2009. The municipality has adopted the standard for the first time in the 2010 annual financial statements. The relevant accounting policy on revenue is in line with this interpretation.

2.22 GRAP 10: Financial Reporting In Hyperinflationary Economies

GRAP 10 includes additional guidance as adopted from Financial Reporting in Hyperinflationary Economies (IFRIC 7) on Applying the Restatement Approach.
The initial application of GRAP 4 will have no impact on the annual financial statements.
The effective date of the standard is for years beginning on or after 01 April 2009. The municipality has adopted the standard for the first time in the 2010 annual financial statements. In the current financial year, the standard is not relevant to the municipality's operations.

2.23 GRAP 11: Construction Contracts

The definition for "construction contract" was expanded by including a binding arrangement that do not take the form of a legal contract within the scope of the Standard.
Definition for "cost plus or cost based contract" has been expanded to include commercially-based contract.
The scope has been expanded to include cost based and non-commercial contracts.
Public entities need to review contracts to determine whether they fall within the scope of the Standard based on the above changes.
GRAP 11 incorporates the concept of service potential in the condition to determine whether the outcome of a construction contract can be estimated reliably. The requirement to recognise an expected deficit on a contract immediately when it becomes probable that contract costs will exceed total contract revenue applies only to contracts in which it is intended at the inception of the contract that contract costs are to be fully recovered from the parties to that contract (par.47).
Other than the above requirements, there is no other effect on initial adoption of GRAP 11.
The following Directives also need to be considered:
Directive 2 - Transitional provisions for public entities, municipal entities and constitutional institutions requires retrospective application of this Standard.

Directive 3 - Transitional provisions for high capacity municipalities requires retrospective application of the Standard.
Directive 4 - Transitional provisions for medium and low capacity municipalities requires retrospect application of the Standard.

The effective date of the standard is for years beginning on or after 01 April 2009.
The municipality has adopted the standard for the first time in the 2010 annual financial statements. The interpretation has no impact on the current financial statements.

2.24 GRAP 12: Inventories

GRAP 12 includes the definition of current replacement costs as the cost the entity would incur to acquire the asset on the reporting date. GRAP 12 also includes the principal of service potential associated with the item that will flow to the entity as part of recognition criteria for inventories as well as the concept of goods purchased or produced for distribution at no charge or for a nominal consideration, which is specific to the public sector

Initial measurement is required at cost (an exchange transaction) and where inventories are acquired at no cost or nominal consideration (non-exchange transaction), their cost shall be their fair value at acquisition date. Subsequent measurement shall be at lower of cost and net realisable value except if inventories are held for:

- distribution at no charge or for a nominal charge, or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

If the above applies then subsequent measurement shall be at the lower of cost or current replacement cost. The retail method of measurement of cost is excluded from GRAP 12

Directive 2 - Transitional provisions for public entities, municipal entities and constitutional institutions requires retrospective application of this Standard.
Directive 3 - Transitional provisions for high capacity municipalities requires retrospective application of the Standard.
Directive 4 - Transitional provisions for medium and low capacity municipalities requires retrospective application of the Standard. However, entities are not required to measure inventories in accordance with the requirements of the Standard
for reporting periods beginning on or after a date within three years following the date of initial adoption of the Standard.

The effective date of the standard is for years beginning on or after 01 April 2009.
The municipality has adopted the standard for the first time in the 2010 annual financial statements. The interpretation has no impact on the accounting policies already adopted..

2.25 GRAP 13: Leases

GRAP 13 incorporates additional guidance on the concept of substance and legal form of a transaction, to illustrate the difference between lease and other contracts and on operating lease incentives.

In certain circumstances, legislation may prohibit the entering into certain types of lease agreements. If the entity has contravened these legislative requirements, the entity is still required to apply the requirements of GRAP 13. Other than the abovementioned requirements,

there is no other impact on the initial adoption of GRAP13. The following Directives also need to be considered:

Directive 2 - Transitional provisions for public entities, municipal entities and constitutional institutions requires retrospective application of the Standard.
Directive 3 - Transitional provisions for high capacity municipalities requires retrospective application of the Standard.
Where items have not been recognised as a result of transitional provisions under the Standard of GRAP on Property, Plant and Equipment, the recognition requirements of the Standard would not apply to such items until the transitional provision in that Standard expires.
Directive 4 - Transitional provisions for medium and low capacity municipalities requires retrospective application of the Standard. Where items have not been recognised as a result of transitional provisions under the Standard of GRAP on Property, Plant and Equipment or the Standard of GRAP on Agriculture, the recognition requirements of the Standard would not apply to such items until the transitional provision in that Standard expires.

The effective date of the standard is for years beginning on or after 01 April 2009.
The municipality has adopted the standard for the first time in the 2010 annual financial statements. The interpretation has no impact on the accounting policies adopted.

2.26 GRAP 14: Events after the reporting date

An event, which could be favourable or unfavourable, that occurs between the reporting date and the date the annual financial statements are authorised for issue. GRAP 14 requires the date of authorisation for issue is the date on which the annual financial statements have received approval from management to be issued to the executive authority or municipal council.
Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).
-

An entity shall adjust the amounts recognised in its annual financial statements to reflect adjusting events after the reporting date.
An entity shall not adjust the amounts recognised in its annual financial statements to reflect non-adjusting events after the reporting date.

The effective date of the standard is for years beginning on or after 01 April 2009.
The municipality has adopted the standard for the first time in the 2010 annual financial statements. It is unlikely that the interpretation will have an impact on the current financial statements.

2.27 GRAP 16: Investment Property

Investment property includes property held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of an entity's operations. GRAP 16 states that the use of property to provide housing as a social service does not qualify as investment property even though rentals are earned.

At initial recognition, investment property is measured at cost including transaction costs. However, where an entity acquires investment property through a non-exchange transaction (i.e where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition. The cost of self-constructed investment property is the cost at date of completion.

After initial recognition, entities can carry investment property at either the fair value (fair value model) or cost less accumulated depreciation and accumulated impairment (cost model).
An entity is required to disclose the fair value of investment property if the cost model is used. When an entity carries investment properties at fair value, the fair value needs to be determined at every reporting date. Gains or losses arising from changes in fair value are included in surplus or deficit for the period in which they arise. The following Directives also need to be considered:
Directive 2 - Transitional provisions for public entities, municipal entities and constitutional institutions requires retrospective application of this Standard.
Directive 3 - Transitional provisions for high capacity municipalities requires retrospective application of the Standard.
Directive 4 - Transitional provisions for medium and low capacity municipalities requires retrospective application of the Standard. However, entities are not required to measure investment properties in accordance with the requirements of the Standard for reporting periods beginning on or after a date within three years following the date of initial adoption of the Standard.

The effective date of the standard is for years beginning on or after 01 April 2009. The municipality has adopted the standard for the first time in the 2010 annual financial statements. In the current financial year, the standard is not relevant to the municipality's operations.

2.28 GRAP 17: Property, Plant and Equipment

GRAP 17 does not require or prohibit the recognition of heritage assets but if an entity recognises heritage assets the entity needs to comply with GRAP 17 disclosure requirements. Additional commentary has been included in to clarify the applicability of infrastructure assets to be recognised in terms of GRAP17. Where an entity acquires an asset through a non-exchange transaction, i.e. for a nominal or no consideration, its cost is its fair value as at the date of acquisition. The disclosure requirement for temporarily idle, fully depreciated property, plant and equipment and for property, plant and equipment that are retired from active use is required in GRAP 17 whereas IAS 16 only encourages this disclosure. The following Directives also need to be considered:

Directive 2 - Transitional provisions for public entities, municipal entities and constitutional institutions requires retrospective application of this Standard.
Directive 3 - Transitional provisions for high capacity municipalities requires retrospective application of the Standard. However, entities that applied the transitional provisions in the Standard of GAMAP on Property, Plant and Equipment may continue to take advantage of those transitional provisions until they expire.
Directive 4 - Transitional provisions for medium and low capacity municipalities requires retrospective application of the Standard. However, entities that applied the transitional provisions in the Standard of GAMAP on Property, Plant and Equipment may continue to take advantage of those transitional provisions until they expire. Entities are also not required to measure classes of Property, Plant and Equipment in accordance with the requirements of the

Standard for reporting periods beginning on or after a date within three years following the date of initial adoption of the Standard.

The effective date of the standard is for years beginning on or after 01 April 2009. The municipality has adopted the standard for the first time in the 2010 annual financial statements. The relevant policy on property, plant and equipment is in line with this standard.

2.29 GRAP 18: Segment Reporting

Segments are identified by the way in which information is reported to management, both for purposes of assessing performance and making decisions about how future resources will be allocated to the various activities undertaken by the entity. The major classifications of activities identified in budget documentation will usually reflect the segments for which an entity reports information to management. Segment information is either presented based on service or geographical segments. Service segments relate to a distinguishable component of an entity that provides specific outputs or achieves particular operating objectives that are in line with the entity's overall mission. Geographical segments relate to specific outputs generated, or particular objectives achieved, by an entity within a particular region.

This Standard has been approved by the Board but its effective date has not yet been determined by the Minister of Finance. The effective date indicated is a provisional date and could change depending on the decision of the Minister of Finance.

Directive 2 - Transitional provisions for public entities, municipal entities and constitutional institutions, states that no comparative segment information need to be presented on initial adoption of this Standard.
Directive 3 - Transitional provisions for high capacity municipalities states that no comparative segment information need to be presented on initial adoption of the Standard. Where items have no been recognised as a result of transitional provisions under the Standard of GRAP on Property, Plant and Equipment, recognition requirements of this Standard would not apply to such items until the transitional provision in that Standard expires.
Directive 4 – Transitional provisions for medium and low capacity municipalities states that no comparative segment information need to be presented on initial adoption of the Standard. Where items have not been recognised as a result of
transitional provisions un the Standard of GRAP on Property, Plant and Equipment and the Standard of GRAP on Agriculture, the recognition requirements of the Standard would not apply to such items until the transitional provision in that standard expires.
The effective date of the standard is for years beginning on or after 01 April 2011.

The municipality expects to adopt the standard for the first time in the 2012 annual financial statements. It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

2.30 GRAP 19: Provisions, Contingent Liabilities and Contingent Assets

GRAP 19 exclude from its scope those provisions and contingent liabilities arising from social benefits for which it does not receive consideration that is approximately equal to the value of goods and services provided directly in return from the recipients of those benefits. For the purpose of GRAP 19, social benefits refers to goods, services and other benefits provided in the pursuit of the social policy objective of a government. This Standard includes guidance on the accounting of these social benefits. Outflow of resources embodying service potential also

needs to be considered in when assessing if a present obligation that arises from past events exists or not.

The Standard includes accounting for obligations to make additional contributions to a fund. This is similar to the requirements of IFRIC5 (AC438). It further includes the accounting for the changes in existing decommissioning, restoration and similar liabilities. This is similar to the requirements of IFRIC1 (AC434).

GRAP 19 give specific guidance regarding restructuring by way of transfers that will take place under a government directive and will not involve binding agreements. An obligation exists only when there is a binding transfer agreement. Additional disclosure for each class of provision regarding reductions in the carrying amounts of provisions that result from payments or other outflows of economic benefits or service potential made during the reporting period and reductions in the carrying amounts of provisions resulting from re-measurement of the estimated future outflow of economic benefits or service potential, or from settlement of the provisions without cost to the entity. If an external valuation is use to measure a provision the information relating to the valuation can usefully be disclosed.

Directive 2 - Transitional provisions for public entities, municipal entities and constitutional institutions requires retrospective application of this Standard.
Directive 3 - Transitional provisions for high capacity municipalities requires retrospective application of the Standard.
However, where items have not been recognised as a result of transitional provisions under the Standard on Property, Plant and Equipment, the recognition requirements of the Standard on Provisions, Contingent Liabilities and Contingent Assets would not apply to such items until the transitional provisions in that Standard expire.
Directive 4 - Transitional provisions for medium and low capacity municipalities requires retrospective application of the Standard. However, where items have not been recognised as a result of transitional provisions under the Standard on Property, Plant and Equipment, the recognition requirements of the Standard on Provisions, Contingent Liabilities and Contingent Assets would not apply to such items until the transitional provisions in that Standard expire.

The effective date of the standard is for years beginning on or after 01 April 2009.
The municipality has adopted the standard for the first time in the 2010 annual financial statements. The relevant policy on provisions, contingent liabilities and contingent assets is line with this interpretation.

2.31 GRAP 23: Revenue from Non-exchange Transactions

Revenue from non-exchange transactions arises when an entity receives value from another entity without directly giving approximately equal value in exchange. An asset acquired through a non-exchange transaction shall initially be measured at its fair value as at the date of acquisition. This revenue will be measured at the amount of increase in net assets recognised by the entity.

An inflow of resources from a non-exchange transaction recognised as an asset shall be recognised as revenue, except to the extent that a liability is recognised for the same inflow. As an entity satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it will reduce the carrying amount of the liability recognised as recognise an amount equal to that reduction.

This Standard has been approved by the Board but its effective date has not yet been determined by the Minister of Finance. The effective date indicated is a provisional date and could change depending on the decision of the Minister of Finance.

The effective date of the standard is for years beginning on or after 01 April 2010.
The municipality expects to adopt the standard for the first time in the 2011 annual financial statements. It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

2.32 GRAP 24: Presentation of Budget Information in the Financial Statements

Subject to the requirements of paragraph .19, an entity shall present a comparison of the budget amounts for which it is held publicly accountable and actual amounts either as a separate additional financial statement or as additional budget columns in the financial statements currently presented in accordance with Standards of GRAP. The comparison of budget and actual amounts shall present separately for each level of legislative oversight:

- the approved and final budget amounts;
- the actual amounts on a comparable basis; and
- by way of note disclosure, an explanation of material differences between the budget for which the entity is held publicly accountable and actual amounts, unless such explanation is included in other public documents issued in conjunction with the financial statements, and a cross reference to those documents is made in the notes.

Where an entity prepares its budget and annual financial statements on a comparable basis, it includes the comparison as an additional column in the primary annual financial statements. Where the budget and annual financial statements are not prepared on a comparable basis, a separate statement is prepared called the 'Statement of Comparison of Budget and Actual Amounts'. This statement compares the budget amounts with the amounts in the annual financial statements adjusted to be comparable to the budget.
A comparable basis means that the budget and annual financial statements:

- are prepared using the same basis of accounting i.e. either cash or accrual;
- include the same activities and entities;
- use the same classification system; and
- are prepared for the same period.

This Standard has been approved by the Board but its effective date has not yet been determined by the Minister of Finance. The effective date indicated is a provisional date and could change depending on the decision of the Minister of Finance The effective date of the standard is for years beginning on or after 01 April 2010. The municipality expects to adopt the standard for the first time in the 2011 annual financial statements. It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

2.33 GRAP 100: Non-current Assets Held for Sale and Discontinued Operations

GRAP 100 includes in its scope the reference to non-cash generating assets. It further includes definitions relevant to the understanding of the Standard e.g. "Non-cash-generating assets" are assets other than cash-generating assets and "value in use of a non-cash-generating asset" is the present value of the asset's remaining service potential. GRAP 100 excludes from the description of a discontinued operation reference to a subsidiary acquired exclusively with a view to resale.

Directive 2 - Transitional provisions for public entities, municipal entities and constitutional institutions requires prospective application of this Standard.
Directive 3 - Transitional provisions for high capacity municipalities requires prospective application of the Standard.
However, the Standard would not apply to those items that have not been recognised as a result of the transitional provisions under the Standard of Property, Plant and Equipment until the transitional provision in that Standard expires.
Directive 4 - Transitional provisions for medium and low capacity municipalities requires prospective application of the Standard. However, the Standard would not apply to those items that have not been recognised as a result of the transitional provisions under the Standards of GRAP on Inventories, Investment Property, Property, Plant and Equipment, Agriculture and Intangible Assets until the transitional provision in that Standard expires.

The effective date of the standard is for years beginning on or after 01 April 2009.
The municipality has adopted the standard for the first time in the 2010 annual financial statements. The interpretation has no impact on the accounting policies adopted.

2.34 GRAP 101: Agriculture

GRAP 101 excludes guidance on accounting for non-exchange revenue from government grants related to a biological asset as GRAP 23 on Revenue from Non-Exchange Transactions will provide such guidance. Recognition requirement includes the concept of the probable flow of service potential.

Biological assets acquired at no or for a nominal value shall be measured on initial recognition and at each reporting date at its fair value less estimated point-of-sale costs.
Additional disclosure is required of biological assets for which the entity's use or capacity to sell is subject to restrictions imposed by regulations that have a significant impact on their total fair value less estimated point-of-sale costs.

In the reconciliation of changes in the carrying amount of biological assets between the beginning and the end of the current period it is also required to disclose increases or decreases due to transfers. The following Directives also need to be considered:

Directive 2 - Transitional provisions for public entities, municipal entities and constitutional institutions requires retrospective application of this Standard.
Directive 3 - Transitional provisions for high capacity municipalities requires any adjustments required to the previous carrying amounts of assets and net assets shall be recognised as an adjustment to the opening balance of accumulated surplus or deficit in the period that the Standard initially adopted. Comparative information is not required to be restated on initial adoption of this Standard.
Directive 4 - Transitional provisions for medium and low capacity requires any adjustments required to the previous carrying amounts of assets and net assets shall be recognised as an adjustment to the opening balance of accumulated surplus or deficit in the period that the Standard is initially adopted. Comparative information is not required to be restated. Entities are not required to recognise biological assets and/or agricultural produce for reporting periods beginning on or after a date within three years following the date of initial adoption of this Standard.

The effective date of the standard is for years beginning on or after 01 April 2009. The municipality has adopted the standard for the first time in the 2010 annual financial statements. The interpretation has no impact on the accounting policies previously adopted.

2.35 GRAP 102: Intangible Assets

GRAP 102 excludes guidance on accounting for intangible assets acquired as part of an entity combination and in-process research and development costs acquired in an entity combination. Recognition requirement includes the concept of the probable flow of service potential. GRAP 102 distinguishes between impairment loss of cash generating and non-cash-generating assets. Intangible assets acquired at no or for a nominal cost shall be measured on acquisition date at its fair value.

In GRAP 102 the identifiability criterion in the definition of an intangible asset has been expanded to include contractual rights arising from binding arrangements, and to exclude rights granted by statute. Additional guidance included in GRAP 102 to explain that distinction should be made between assets associated with the item of property, plant and equipment and the intangible asset

Guidance on web site costs has been included in GRAP 102 from SIC Interpretation 32 Intangible Assets – Web Site Costs. Guidance on intangible assets that may be acquired in exchange for non-monetary assets, where the exchange transaction lacks commercial substance has not been included in GRAP 102 as guidance to be included in GRAP 23. GRAP 102 does not state "gains shall not be classified as revenue" as GRAP term "income" has a broader meaning than the term "revenue".

Directive 2 - Transitional provisions for public entities, municipal entities and constitutional institutions requires retrospective application of this Standard.
Directive 3 - Transitional provisions for high capacity municipalities requires retrospective application of the Standard. Where entities have, on initial adoption of the Standard, accumulated and retained sufficient information about costs and the future economic benefits or service potential related to intangible assets that may have been expensed previously, those intangible assets should be recognised in accordance with the Standard.
Directive 4 - Transitional provisions for medium and low capacity requires retrospective application of the Standard. Where entities have, on initial adoption of the Standard, accumulated and retained sufficient information about costs and the future economic benefits or service potential related to intangible assets that may have been expensed previously, those intangible assets should be recognised in accordance with the Standard. Entities are not required to measure intangible assets for reporting periods beginning on or after a date within three years following the date of initial adoption of the Standard of GRAP on Intangible Assets. The effective date of the standard is for years beginning on or after 01 April 2009.

The municipality has adopted the standard for the first time in the 2010 annual financial statements. The interpretation has no impact on the accounting policies previously adopted.

2.36 GRAP 103: Heritage Assets

An entity assesses the probability of each transaction on an individual basis when it occurs. Entities shall not assess the probability on an overall level based on the payment history of recipients of the service in general when the probability of revenue is assessed at initial

recognition. The full amount of revenue will be recognised at initial recognition. Assessing impairment is an event that takes place subsequently to initial recognition. Such impairment is an expense. Revenue is not reduced by this expense.

The effective date of the interpretation is for years beginning on or after 01 April 2010.
The municipality expects to adopt the interpretation for the first time in the 2011 annual financial statements. The interpretation has no impact on the municipality's annual financial statements.

2.37 IGRAP 1: Interpretation of GRAP: Applying the Probability Test on Initial Recognition of Exchange Revenue

The method of measurement of value in use of a non-cash-generating asset under this Standard is different to that applied to a cash generating asset. Asset should be measured by reference to the present value of the remaining service potential of the asset. Determining value in use (present value of remaining service potential) of a non-cash-generating asset, may be the depreciated replacement cost approach, restoration cost approach and service units approach. This Standard does not require entities to apply an impairment test to property, plant and equipment carried at revalued amounts. This Standard does not include a decrease in market value significantly greater than would be expected as a result of the passage of time or normal use as a minimum indication of impairment. This indication is included as an additional indication that impairment may exist. The interpretation has no impact on the accounting policies previously adopted.

The effective date of the standard is for years beginning on or after 01 April 2010.
The municipality expects to adopt the standard for the first time in the 2011 annual financial statements..

2.38 IPSAS 21: Impairment of Non Cash-Generating Assets

IPSAS 20 specifically excludes any consideration provided to key management personnel solely as a reimbursement for expenditure incurred by those individuals for the benefit of the reporting entity.
The effective date of the standard is for years beginning on or after 01 April 2009.
The municipality has adopted the standard for the first time in the 2010 annual financial statements. The interpretation has no impact on the accounting policies previously adopted.

3 Property, plant and equipment

3.1 Cost, accumulated depreciation and carrying values

	2011			2010		
	Cost/ valuation	**Accumulated depreciation**	**Carrying value**	**Cost/ valuation**	**Accumulated depreciation**	**Carrying value**
PPE						
Buildings - Municipal and civic	19 668 834 33	1 414 491	18 254 343	12 797 234 51	-1 018 866	11 778 368
Plant and machinery	9 212 105 79	-2 019 749	7 192 357	528 008 00	-35 200	492 808
Furniture and fixtures	1 150 845 98	-226 589	924 257	266 470 26	-38 474	227 996
Motor vehicles	3 162 110 21	-1 446 244	1 715 868	1 743 660 21	-1 044 292	699 360
Office equipment	815 090 65	-257 117	557 973	96 858 47	-92 751	4 108
IT equipment	2 374 090.39	-1 095 773	1 278 318	975 908 60	-832 703	143 204
Buildings Community	2 343 000.00	-336 042	2 006 958	2 343 000 00	-285 373	2 057 627
Air conditioners	224 240.30	-95 292	128 948	135 602 00	-110 703	24 899
Sport and recreation facilities	17 216 289.54	-3 048 322	14 167 968	13 793 052.28	-2 423 385	11 369 667
Other equipment (non-office)	114 682.46	30 107	84 575	98 682.46	-10 994	87 689
Buildings - Market and Industrial	4 942 247 07	-	4 942 247	4 942 247 07	-	4 942 247
Road infrastructure	151 630 894 68	-27 990 342	123 640 553	138 807 007.60	-12 366 020	126 440 987
TOTAL PPE	**212 864 432**	**-37 960 069**	**174 894 362**	**176 527 729**	**-18 258 760**	**158 268 970**
CAPITAL WORK IN PROGRESS						
TOTAL CAPITAL WORK IN PROGRESS	-	-	-	-	-	-
TOTAL PPE	**212 854 432**	**-37 960 069**	**174 894 362**	**176 527 728**	**-18 258 760**	**158 288 970**

3.2 Reconciliation of PPE - 2011

PPE	**Opening balance**	**Difference**	**Additions**	**Other changes, movements**	**Depreciation**	**Depreciation adjustments**	**Closing balance**
Buildings - Municipal and Civic	11 778 368		6 871 600		-395 625	2 000	18 254 343
Plant and machinery	492 808		8 684 098		-437 451	-1 547 096	7 192 357
Furniture and Fixtures	227 996		884 376		-111 800	-76 315	924 257
Motor Vehicles	699 369		1 418 450		-288 723	-113 230	1 715 866
Office Equipment	4 108		718 232		-105 833	-58 533	557 973
IT equipment	143 204		729 894		275 676	680 895	1 278 317
Buildings - Community	2 057 627		-		-50 670	0	2 006 958
Air conditioners	24 899		88 638		-22 974	38 385	128 940
Roads and related Infrastructure	126 440 988		12 623 887		-15 624 322	-1	123 640 553
Buildings - Industrial & markets	4 931 253					10 994	4 942 247
Sport and recreation facilities	11 369 667		3 423 237		-624 937		14 167 960
Other equipment (non-office)	98 882		18 000		19 114	-49 421	84 575
TOTAL PPE	**168 267 167**	-	**36 668 412**	-	**-17 918 896**	**-1 112 321**	**174 894 362**
CAPITAL WORK IN PROGRESS							
Road related Infrastructure	15 594 814			-9 238 710			6 356 104
Other PPE	4 942 247		140 313				5 082 560
TOTAL CAPITAL WORK IN PROGRESS	**20 537 061**	-	**140 313**	**-9 238 710**	-	-	**11 438 664**
TOTAL PPE	**178 804 228**	-	**36 798 725**	**-9 238 710**	**-17 918 896**	**-1 112 321**	**186 333 026**

3.3 Reconciliation of PPE - 2010

PPE	**Opening balance**	**Difference**	**Additions**	**Other changes, movements**	**Depreciation**	**Depre reversal**	**Closing balance**
Buildings - Municipal and civic	10 448 261	-	1 591 968	-	22 233	-	12 017 996
Plant and machinery	8	-19	528 000	19	-35 200		492 808
Furniture and fixtures	26 828	8	218 986		-17 810		227 996
Motor vehicles	515 991	18	483 368	-19	-299 990		699 368
Office equipment	13 453		8 337		-18 123		3 667
IT equipment	113 019	-	299 614		-269 429		143 204
Buildings - Community	2 108 297	-	-		-50 670		2 057 627
Air conditioners	52 009	-	-		-27 110		24 899
Roads and related Infrastructure	-	-	123 212 194	9 238 710	-12 366 020		120 084 884
Sport and recreation facilities	11 994 603	1			-624 937		11 369 660
Other equipment (non-office)	-		98 887		-10 994		87 688
TOTAL PPE	**25 272 469**	**-8**	**126 441 148**	**9 238 710**	**-13 742 516**	-	**147 209 804**
CAPITAL WORK IN PROGRESS							
Road related Infrastructure	15 594 814			-9 238 710			6 356 104
Other PPE	4 942 247		140 313				5 082 560
TOTAL CAPITAL WORK IN PROGRESS	**20 537 061**	-	**140 313**	**-9 238 710**	-	-	**11 438 664**
TOTAL PPE	**45 809 530**	**-8**	**126 581 461**	-	**-13 742 516**	-	**158 648 468**

3.4 The municipality opted to take advantage of Directive 4 issued by the Accounting Standards Board in March 2009, paragraphs 71 to 83, which allows a period of 3 years from the date of initial adoption of GRAP 17 to comply in full with the recognition requirements of that Standard

Land and buildings include administrative offices and municipal houses located in various sections of Giyani township. Land and buildings were valued by MOD HOPE Property Valuers, registered independent valuers. The last valuation was performed as part of the general valuation of all properties within the municipal area for the compilation of the valuation roll in terms of

the Municipal Property Rates Act (Act no 6 of 2004), and approved for implementation by Council with effect from 01 July 2009

3.5 Correction of errors - prior year

Correct errors - assets previously at R1	
Assessed cost	7 636 851
	668 290
	8 305 141
Accumulated depr adjustments - assets previously at R1	-2 302 867
	-482 099
Excess dereciation - assessed assets previously at R1	261 629
	284 446
	241 050
Excess dereciation - assessed assets previously with values	253 656
Net accumulated depreciation adjustments	-1 744 186
Net adjustments to accumulated surplus	6 560 955

3 6 Commitments at end of year

The following projects were in progress as at 30 June 2011, with commitment amounts falling due and payable in the outlying financial year/s

Projects at retention	Commitments
Muyexe Sports facility	332 725
Giyani Section F (Gravel to tar)	642 244
Tourism Information Centre	463 391
Electrification of 7 villages	121 674
Electrification of villages Phase2	814 856
	2 374 890

			2011	2010
4	**Inventories**			
	Consumable stores		678 175	400 556

Closing values were determined through internal valuation, taking into account current prices and the condition of stock items

5	**Trade and other receivables**			
	Made up of			
	Staff debtors	5 1	48 464	339 655
	Sundry debtors	5 2	3 622 511	195 000
	Sundry debtors provision		-195 000	-195 000
			3 475 975	**339 655**

5.1 Staff debtors relate to amounts owed by councillors arising from exceeding cellphone limis on the VODACOM group subscription. A cellphone contract with VODACOM was based on the cellphone allowances of councillors, but the contract was not implemented as agreed by the service provider to ensure that limits are not exceeded The recovery of the amounts still owing is in progress

5.2	Sundry debtors		
	Sundry debtors comprise-		
	Debtors for auction sale (prior year)	3 427 511	-
	Gross sales	4 016 500	-
	Cash received	-588 989	-
	Debtor for fraudulent bank transaction	195 000	195 000
		3 622 511	195 000

6 **VAT receivable**

VAT receivable mainly comprises VAT raised on customer billing for services (i e. accrual basis) but accounted for on cash basis and this resulted in less VAT claimable.

Output VAT on supplies	-658 160	1 521 350
Input VAT on purchases	29 548 933	22 450 870
VAT recoveries	-14 112 786	6 766 994
	14 777 988	**17 205 227**

7 **Consumer debtors**

7.1 **Classified per service category**

Rates	15 371 512	12 317 578
Water		-
Sewerage	-	-
Refuse	8 495 585	6 313 270
House rental	538 271	358 222
Cemetery charges	219 321	127 771
Other (unclassified)	10 582 045	10 728 489
	35 206 734	**29 845 330**
Less: Provision for bad debts		
Rates	-14 238 526	-11 548 880
Water	-	-
Sewerage	-	-
Refuse	-7 809 423	-5 614 360
House rental	-	-
Cemeteries	-191 824	-88 717
Other (unclassified)	-10 727 780	-10 727 780
	-32 967 553	**-27 979 737**
Net balance		
Rates	1 132 987	768 698
Water	-	
Sewerage	-	
Refuse	686 161	698 920
Housing rental	538 271	358 222
Cemeteries	27 497	39 054
Other (unclassified)	-145 734	700
	2 239 181	**1 865 593**

7.1 **Prior year adjustments to consumer debtors**

7.2 **Ageing analysis per service category**

	2011	2010
Rates		
Current	333 180	472 201
31 - 60 days	346 526	400 355
61 - 90 days	34 289	693 411
91 - 120 days	367 405	-797 269
121 - 365 days	1 922 347	2 994 121
> 365 days	12 316 178	8 554 759
	15 319 905	**12 317 578**
Water		
Current	-144 568	246 712
31 - 60 days	-252 139	395 239
61 - 90 days	17 388	733 779
91 - 120 days	-203 217	40 444
121 - 365 days	2 891 531	3 588 729
> 365 days	14 481 988	9 478 475
	16 790 984	**14 483 378**
Sewerage		
Current	108 147	66 059
31 - 60 days	125 775	74 561
61 - 90 days	102 474	175 689
91 - 120 days	101 508	59 545
121 - 365 days	915 230	629 223
> 365 days	1 672 332	667 585
	3 024 964	**1 672 682**
Refuse		
Current	103 703	184 106
31 - 60 days	243 386	188 193
61 - 90 days	225 985	142 211
91 - 120 days	112 037	184 410
121 - 365 days	1 497 203	1 737 546
> 365 days	6 312 220	3 876 814
	8 494 535	**6 313 280**
Housing rental		
Current	13 739	16 598
31 - 60 days	17 872	17 528
61 - 90 days	16 750	15 198
91 - 120 days	11 490	14 088
121 - 365 days	120 198	61 209
> 365 days	358 222	233 601
	538 271	**358 222**
Cemetery charges		
Current	8 007	7 460
31 - 60 days	8 401	8 756
61 - 90 days	6 063	11 428
91 - 120 days	5 024	11 410
121 - 365 days	64 055	88 715
> 365 days	127 769	-
	219 319	**127 769**
Unclassified		
> 365 days	44 219 614	44 271 084
	-	-
	44 219 614	**44 271 084**

7.4 Reconciliation of bad debt provision

	2011	2010
Balance at beginning of year	27 979 737	20 961 891
Current year contributions to provision	4 987 815	7 017 846
Balance at end of year	**32 967 553**	**27 979 737**

8 Cash and cash equivalents

	2011	2010
Made up of		
Cash on hand	39 333	-
Cashbook balance - primary	2 476 865	394 142
Cashbook balance - secondary	3 530 315	196 978
Fixed deposit	-	-
Call investment deposits	19 443 855	2 270 646
	25 490 367	**2 861 766**
Current assets	25 490 367	2 861 766
Current liabilities	-	-
	25 490 367	**2 861 766**

The municipality operates the following bank accounts with First National Bank and ABSA:

	Bank statement balances			Cashbook balances		
	30-Jun-11	30-Jun-10	30-Jun-09	30-Jun-11	30-Jun-10	30-Jun-09
Current account #62024285103 (FNB)	158 465	326 476	-4 370 426	[illegible]	394 142	-4 370 426
Current account #62030539764 (FNB)	2 588 972	214 782	369 658	2 530 315	196 978	324 961
Current account #4077078193 (ABSA)	3 016 947	-	-	1 965 900	-	
Current account #4077078486 (ABSA)	999 649	-	-	1 000 000	-	
Call deposit account #62120531696 (FNB)	238 258	238 258	574 856	17 259 269	238 258	574 856
Call deposit account #62120531985 (FNB)	2 032 387	2 032 387	191 638	2 184 585	2 032 387	191 638
	9 034 678	**2 811 903**	**-3 234 274**	**25 461 034**	**2 861 765**	**-3 278 971**

8.1 Bank overdraft

The municipality has no overdraft facility.

8.2 Fixed deposit

The fixed deposit is encumbered with a guarantee amount of R144,000 pledged as a deposit on the electricity account with ESKOM

9 Accumulated surplus

	2011	2010
Balance at beginning of year	171 846 351	42 620 679
Prior year adjustments to accumulated surplus -	-	-
Correction of errors - prior year -		
Expenses movement previously excluded		10 450 837
Surplus (deficit) for the year	15 777 670	13 843 038
Property, plant & equipment first recognised	-	104 931 798
Balance at end of year	**187 624 021**	**171 846 351**

	2011	2010
10 Government grant reserve	-	-
11 Unspent conditional grants		
11.1 National Electrification Grant (INEG)		
Unspent balance at end of year	807 483	700 752

		2011	2010
See reconciliation, as per note 16.7			
12 Payables and provisions			
Trade payables		7 080 106	7 362 223
Payroll creditors		1 480 812	-600
Accrued leave		2 009 665	2 931 393
Accrued bonus		1 373 656.31	1 373 656
Unspecified direct depoits		713 196	385 312
Sundry	12.3	-	588 989
Inter-municipal account (MDM)	12.1	8 200 226	6 390 936
Agency creditors (MDM)		-	-
		20 857 661	**19 031 910**

Creditors are recognised at cost

12.1 Inter-Municipal account (MDM)

The water services function is ringfenced on the account of MDM which is the water services authority
Revenue earned, net of agency fees, and tranfers received are credited to the inter-municipal control account, while all expenses incurred are charged to the same control account
The net effect of all the balances arrising from water services related transactions is a credit amount of

	2011	2010
	8 200 226	**6 390 936**
The balance as at 30 June 2011 consists of:		
Fiscal transfers ex MDM	-31 930 781	-31 930 781
Gross revenue - Water	-83 746 551	-74 359 450
Gross revenue - Sewerage	-3 130 309	-1 378 635
Output VAT - Water and Sewerage	[illegible]	[illegible]
Overheads - Water	24 356 480	22 174 811
Overheads - Sewerage	4 458 734	2 980 941
Agency income - Water	36 152 836	36 152 836
Agency income - Sewerage	874 009	874 009
Water Debtors ex GGM (aged)	18 800 769	14 483 378
Water Debtors ex GGM (not aged)	33 542 605	33 542 605
Sewerage Debtors ex GGM (aged)	3 025 314	1 672 682
	-8 200 226	**-6 390 936**

13 Revenue

	2011	2010
Made up of:		
Property rates	12 918 865	13 254 631
Service charges	3 877 741	3 711 181
Rental of facilities and equipment	442 135	446 803
Income from agency services	971 918	8 036 411
Fines	102 669	184 740
Licences and permits	3 734 985	2 836 130
Government grants and subsidies	124 307 073	109 560 811
Other grants	-	2 448 856
	146 355 385	**140 479 563**

13.1 Amounts included in revenue arising from the exchange of goods and services are as follows:

	2011	2010
Service charges	3 877 741	3 711 181
Rental of facilities and equipment	442 135	446 803
Income from agency services	971 918	8 036 411
Licences and permits	3 734 985	2 836 130
	9 026 779	**15 030 525**

13.2 Amounts included in revenue arising from non-exchange transactions are as follows:

	2011	2010
Property rates	12 918 865	13 254 631
Fines	102 669	184 740
Government grants and subsidies	124 307 073	109 560 811
Other grants	-	2 448 856
	137 328 606	**125 449 038**

14 Property rates

	2011	2010
Made up of:		
Property rates billed	**12 918 865**	**13 254 631**

		2011	2010
15	**Service charges**		
	Made up of		
	Sale of water	-	-
	Solid waste	3 877 831	3 711 181
	Sewerage and sanitation charges	-	
		3 877 831	**3 711 181**
16	**Government grants and subsidies**		
	Made up of:		
	Equitable share	100 046 650	81 428 992
	Finance Management Grant (FMG)	1 000 000	750 000
	Infrastructure Grant (MIG)	12 893 925	20 011 000
	Systems Improvement Grant (MSIG)	750 000	735 000
	Transfers from District Municipality (MDM)	-	-
	Sundry grants	-	-
	LGSETA	181 440	186 571
	LEDET (LED)	-	-
	National Electrification Grant (INEG)	9 434 912	6 449 248
		124 306 927	**109 560 811**

16.1 **Equitable share**

In terms of the cosntitution, this grant is used to subsidise the provision of basic services to ndigent community members All registered indigents received a subsidy of R5,258,683 (2010: 6,968,956) which is funded from the grant.

		2011	2010
16 2	**Finance Management Grant (FMG)**		
	Balance at beginning of year		
	Current year receipts	1 000 000	750 000
	Conditions met - transferred to revenue	-1 000 000	-750 000
	Unspent at end of year	-	-
16 3	**Municipal Infrastructure Grant (MIG)**		
	Balance at beginning of year	-	
	Current year receipts	12 893 925	20 011 000
	Conditions met - transferred to revenue	-12 823 887	-20 011 000
	Unspent at end of year	**70 038**	-
16 4	**Municipal Systems Improvement Grant (MSIG)**		
	Balance at beginning of year	-	
	Current year receipts	750 000	735 000
	Conditions met - transferred to revenue	-750 000	-735 000
	Unspent at end of year	-	-
16 5	**LEDET**		
	Balance at beginning of year	-	
	Current year receipts	-	-
	Conditions met - transferred to revenue	-	-
	Unspent at end of year	-	-
16 6	**Development Bank of SA**		
	Balance at beginning of year		-
	Current year receipts		960 000
	Conditions met - transferred to revenue	-	-960 000
	Unspent at end of year	-	-
16.7	**National Electrification Grant (INEG)**		
	Balance at beginning of year	700 752	-
	Current year receipts	9 434 912	7 150 000
	Conditions met - transferred to revenue	-9 328 180	-6 449 248
	Unspent at end of year	**807 483**	**700 752**

Conditions are still to be met, and the balance remains a liability at 30 June 2011.
The grant was ring-fenced for the electrification of villages in line with the conditions

	2011	2010
laid out in the DORA The unspent amount relates to work still to be done		

17 General expenses

Made up of		
Advertising	64 979	392 542
Auditors' remunerations	1 547 875	1 090 939
Bank charges	-	208 318
Consulting and professional fees	1 920 556	3 579 393
Consumables	608 272	427 542
Donations	31 500	69 086
Entertainment	96 978	88 042
Hire	-	58 156
IT expenses	419 228	475 708
Lease rentals	794 977	698 828
Magazines, books and periodicals	59 957	48 359
Medical expenses	17 596	25 512
Motor vehicle expenses	547 165	2 604
Fuel and oil	-	702 098
Postage and courier	131 174	193 193
Printing and stationery	392 951	624 344
Project costs expensed	9 705 303	9 179 373
Security	1 310 406	1 146 382
Subscritions and membership	958 084	511 738
Telephone and fax	770 000	740 343
Training	431 208	241 697
Travel	2 029 969	1 278 293
Electricity	769 753	499 589
Uniforms	206 113	194 865
Caiptal expenditure	2 847	66 614
Cellphones	149 140	223 349
Free basic services	5 018 709	6 968 956
Special programmes	135 724	191 357
General programmes	781 505	740 777
Other expenses	4 542 543	-3 323 543
	33 444 616	**27 344 350**

18 Employee-related costs

Made up of		
Basic	42 913 395	44 975 281
Medical aid -employer contribution	921 189	653 369
UIF	381 495	398 374
SDL	-	-
Bargaining Council levies	-	10 985
Leave pay provision charge	-	209 176
Post-employement benefits (pension/provident)	8 834 387	8 576 735
Overtime payments	536 164	237 753
Long-service recognition	-	1 619 751
Annual bonus	2 887 584	3 213 097
Acting allowance	154 758	378 474
Car allowance	2 559 826	2 300 036
Housing assistance	73 432	217 045
Clothing allowance	7 500	7 500
Cellphone allowance	280 148	195 382
Other allowances	16 443	7 882
Standby allowance	30 000	10 000
	59 596 322	**63 010 839**

Included in employee-related costs are the remunerations of senior managers as follows

18.1 Accounting officer

		2011	2010
	Basic remuneration	725 520	631 869
	Car allowance	96 750	82 500
	Cellphone allowance	20 628	17 875
		842 898	**732 244**
18.2	**Chief finance officer**		
	Basic remuneration	560 520	519 000
	Car allowance	192 000	192 000
	Cellphone allowance	13 374	12 996
		765 894	**723 996**
18.3	**Corporate services manager**		
	Basic remuneration	507 408	470 304
	Car allowance	168 000	168 000
	Cellphone allowance	13 374	12 996
		688 782	**651 300**
18.4	**Technical services manager**		
	Basic remuneration	546 168	506 940
	Car allowance	168 000	168 000
	Cellphone allowance	-	12 996
		714 168	**687 936**
18.5	**Community services manager**		
	Basic remuneration	469 560	434 520
	Car allowance	168 000	168 000
	Cellphone allowance	13 374	12 996
		650 934	**615 516**

19 Remuneration of councillors

	2011	2010
Made up of:		
Councillors' basic remuneration	8 727 517	8 313 136
Councillors' pension contribution	477 764	455 734
Travelling allowance	2 943 778	2 864 314
Cellphone allowance	675 949	584 235
Unemployment Insurance contributions	74 702	38 413
	12 899 710	**12 255 831**

20 Debt impairment

	2011	2010
Contribution to debt impairment provision	4 987 815	7 862 696

All debtors balances aged above 120 days are considered doubtful, and a provision is raised in respect thereof. The provision is raised at cost.

21 Investment revenue

	2011	2010
Interest received - external	1 557 281	797 853

22 Depreciation and amortisation

	2011	2010
Property, plant and equipment	17 957 124	14 122 016

23 Finance costs

	2011	2010
Interest paid - external	-	38 421
Other bank charges	234 585	
	234 585	**38 421**

24 Auditors' remuneration

	2011	2010
Auditors' remuneration	1 547 875	1 090 939

25 Operating lease

The municipality leases 6 photocopiers from Technology Acceptances for a period of 60 months commencing 31 July 2006. The lease payment a fixed amount per month with no contingent rent payments. The lease agreement is not renewable at the end of the lease term and the municipality does not have the option to purchase the photocopiers. The agreement does not impose restrictions

	2011	2010
Future minimum lease payments		
Within 1 year	-	256 872
In years 2 - 5 inclusive		-
Later that 5 years	-	-
	-	**256 872**

26 Rental of facilities and equipment

	2011	2010
Rental of facilities - premises	362 582	303 458
Rental of other facilities and equipment	79 553 59	143344 92
	442 135	**446 803**

27 Contracted services

	2011	2010
Made up of:		
Insurance	380 229	325 033
Refuse removal	1 056 225	1 897 764
Security services	-	-
	1 436 454	**2 222 797**

28 Cash generated from operations

	2011	2010
(Deficit) surplus	15 777 670	13 843 038
Adjustments for -	-	-
Depreciation	17 957 124	14 122 016
Provisions		
Sale of assets	-	-
Debt impairment	4 987 815	7 862 696
Changes in working capital -		
Inventories	-277 619	42 364
Trade and other receivables	-3 136 320	-0
Consumer debtors	-5 361 404	-6 389 635
Short term investments	-13 139	-12 219
Trade and other payables	1 825 752	2 259 543
VAT	2 427 239	-4 678 663
Unspent conditional grants	12 573 163	700 752
Correction of error - prior year expenditure	-126 618	-
Correction of error - PPE previously at R1	6 560 955	-
	53 194 618	**27 749 891**

29 Unauthorised expenditure

	2011	2010
Operating votes		
Operating expenditure		
Opening bal	4 184 854	6 790 543
Condoned by Council	-4 184 854	-6 290 543
Current year disclosures	-	4 184 854
Closing bal	-	**4 184 854**
Capital expenditure		
Opening bal	-	2 608 328
Condoned by Council	-	-2 608 328
Current year disclosures	-	-
Closing bal	-	-

PRIOR YEAR unauthorised expenditure is attributable to budgeting inaccuracies on individual votes The overall budget reflects 10% underspending: Budget/ actual expenditure comparison The expenditure was tabled to Council for condonation.

30 Irregular expenditure

		2011	2010
30.1	SCM requirement not fully complied with in the prior year	-	9 210 090
	Excess availment on councillors cellphone contract (prior years)	48 464	339 665

	2011	2010
	48 464	9 549 755
Opening bal	9 549 755	19 104 567
Condoned by Council	-9 549 755	-19 104 567
Current year disclosures		9 549 755
Closing bal	-	**9 549 755**

In the PRIOR YEAR, Adjudication Committee minutes fell short of demonstrating that a member of the Evaluation Committee who signs the attendance register of the Adjudication Committee meeting only presents the bid evaluation report and gets excused from the proceedings, and does not participate in the actual consideration of the bid by the the Adjudication Committee The inference drawn by audit is that the member actually influences the outcomes of two bid committees in contravention of the SCM regulations. The total contract amounts involved in the affected tender awards is R9,210.090 over the duration of the projects The expenditure was table to Council for condonation in the current financial year.

Cellphone expenses for councillors exceeded the allowance limits due to failure of the service provider to implment the agreement correctly. The excess amount collected money from the municipality's bank account through a debit order. With the exception of the balance reflected above, the amount was be recovered from the respective councillors in the current financial year. Action to recover the outstanding amount is in progress, and the municipality considers the amount to be fully recoverable.

30.2 Fruitless and wasteful expenditure

	2011	2010
Penalties on late payment to SARS		-
Penalties on late payment to ESKOM	19 417	19 417
Fraudulent bank transaction	195 000	195 000
	214 417	**214 417**
Opening bal	214 417	101 902
Condoned by Council	-19 417	-101 902
Current year disclosures	-	214 417
Closing bal	**195 000**	**214 417**

The municipality suffered a loss of R195,000 through a scam involving the use of a frudulent bank transaction by a fictitious company masquerading as Balaton International in the 2005/2006 financial The amount is fully provided for in the financial statements, however Coucil has rescinded an earlier resolution to write off the amount against the provision in order to allow the investigation of the case to continue

31 Additional disclosures in terms of the MFMA

31.1 In terms of section 36/ MFMA regulations, any deviation from the SCM policy should be approved or condoned by the accounting officer. In the PRIOR YEAR, deviations from the normal SCM processes in the following incidents were approved by the accounting officer on grounds of urgency and duly tabled to Council.

Incident	CY amounts	PY amounts
Purchase of mayoral vehicle	-	551 040
Development of asset register	-	1 100 000
Rehabilitation of Giyani testing station	-	864 667
Upgrade of IT network	-	413 392
Completion of Giyani section A road	-	820 178

31.2 Disclosure is hereunder made in terms of the MFMA (Section 114), in terms whereof if a tender other than the one recommeded in the normal course of implementing the SCM policy is approved, the accounting officer must, in writing, notify Auditor-General, the relevant Provincial Treasury and National Treasury of the reasons for deviating from such recommendations. With regards to the CURRENT YEAR the deviations were tabled to Council and the relevant offices duly notified in writing.

	CY amounts	PY amounts
Construction of Giyani section F road	10 657 529	-
Supply and delivery of 2 waste compactors	2 854 990	-
Supply and delivery of 1 skip loader truck	655 840	-
Repair of potholes in the Township	400 743	-
Development of operational plan for GGNRDP	2 886 000	-

		2011	2010
		17 455 102	**3 749 277**
32	**Other income**		
	Clearance certificates	2 806	5 408
	Confirmation letters	83 508	150 893
	Registration and transfers	26 665	45 979
	Registration of suppliers	21 720	59 578
	Re-issue of statements	3 138	5 681
	Sale of tender documents	66 141	161 592
	Sundry income	-	328 581
	Sale of grave plots	17 798	54 411
	Sale of refuse bins	1 819	3 934
	Water connection	6 751	
	Water re-connection	-	77 102
	Agency income contra - water	-6 751	-77 102
	Building plans	32 738	59 332
	Escort fees	9 327	6 711
	House loans	3 122	60 578
	Sewer connection	5 222	
	Sewer unblocking	20 020	60 286
	Agency income contra - sewerage	-25 242	-60 286
	Other income	1 122 004	-
		1 390 786	**942 681**
33	**Income from agency services**	**1 919 790**	
	Made up of.		
	Vehicle registrations	971 918	1 084 922
	Agency fees - water services provision	-	934 295
	Agency fees - sewerage services provision	-	6 017 194
		971 918	**8 036 411**

The municipality administers the veihicle registrations function on behalf of the Provincial Transport Department for an agency fee of 20% on total receipts. The revenue collected by the municipality on the water services provision function [which comprises water and sewearge services provision] is retained by the municipality as agency fee in terms of the SLA.

34 Contingent liability

PRIOR YEAR contingent liability involved a court case relating to RIVALA RE-GRAVELLING project The matter which had to be defended was about an amount of R363,278 paid into the account of one joint venture partner instead of that of the joint venture. Judgment has since been awarded in favour of the municipality

35 Short term investments

	2011	2010
Fixed deposit	199 558	186 419

The municipality has the following short term investment, redeemable within 180 days
Fixed deposit
First National Bank Giyani
Account number 71032635579

	Bank statement balances			Cashbook balances		
	30-Jun-11	30-Jun-10	30-Jun-09	30-Jun-11	30-Jun-10	30-Jun 09
Fixed deposit account #71032635579	186 419	186 419	174 200	186 419	186 419	174 200
	186 419	**186 419**	**174 200**	**186 419**	**186 419**	**174 200**

GREATER GIYANI MUNICIPALITY
APPENDIX D
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE
for the year ended 30 June 2011

2010	2010	2010		2011	2011	2011
Actual Income	Actual Expenditure	Surplus / (Deficit)		Actual Income	Actual Expenditure	Surplus / (Deficit)
R	R	R		R	R	R
-	980 447	980 447	Executive & Council		42 725 435	42 725 435
(126 689 695)	50 876 867	(75 812 828)	Finance & Admin	(140 033 621)	49 657 759	(90 375 862)
(335 697)	4 685 486	4 349 788	Planning & Development	(185 630)	3 762 874	3 577 243
-	-	-	Health			-
(4 276 679)	23 952 413	19 675 734	Community & Social Services	(4 885 631)	20 490 141	15 604 510
-	3 201 372	3 201 372	Public Safety		65 438	65 438
(26 209)	4 945 182	4 918 973	Sport & Recreation	(21 291)	3 649 430	3 628 139
(3 715 115)	1 936 089	(1 779 026)	Environmental Protection	(3 879 650)	2 399 983	(1 479 667)
(934 295)	0	(934 294)	Waste Management	90	75 988	76 078
-	22 887 551	22 887 551	Road Transport	(7 472)	8 258 110	8 250 638
(6 017 194)	(0)	(6 017 194)	Water	-	2 316	2 316
-	13 260 425	13 260 425	Electricity	-	1 960 582	1 960 582
(225 212)	1 851 227	1 626 015	Other	(290 246)	477 728	187 482
(142 220 098)	128 377 059	(13 843 038)		(149 303 453)	133 525 783	(15 777 670)
			Less Inter-Department Charges			
(142 220 098)	128 377 059	(13 843 038)	Total	(149 303 453)	133 525 783	(15 777 670)

GREATER GIYANI MUNICIPALITY

APPENDIX E

STATEMENT OF COMPARATIVE AND ACTUAL INFORMATION

as at 30 June 2011

Description	Original Budget	Budget Adjustments (i.t.o. s28 & s31 Of The MFMA)	Virement (i.t.o Council Approved By-law)	Final Budget	Actual Income	Unauthorised Expenditure	Variance	Actual Income As % Of Final Budget	Actual Outcome As % Of Original Budget
	1	2	3	4	5	6	7	8	9
	R	R	R	R	R	R	R	R	R
Financial Performance									
Property Rates	16 052 000	13 000 000		13 000 000	12 918 865		-81 135	99.38	80.48
Service Charges	23 532 000	14 977 000		14 977 000	3 877 741		-11 099 259	25.89	16.48
Investment Revenue	1 000 000	1 246 000		1 246 000	1 557 281		311 281	124.98	155.73
Transfers Recognised - Operational	110 797 000	101 797 000		101 797 000	101 794 639		-2 361	100.00	91.87
Other Own Revenue	6 562 000	9 003 200		9 003 200	6 642 493		-2 360 707	73.78	101.23
Total Revenue (Excluding Capital Transfers & Contributions)	157 943 000	140 023 200	0	140 023 200	126 791 019	0	-13 232 181	424.3265409	445.7395874
Employee Costs	66 828 789	60 135 324		60 135 324	59 596 322		-539 002	99.10	89.2
Remuneration Of Councillors	13 719 987	13 276 000		13 276 000	12 899 710		-376 290	97.17	94.0
Debt Impairment	11 659 000	12 574 900		12 574 900	4 987 815		-7 587 085	39.66	43.2
Depreciation & Asset Impairment	4 532 000	14 122 000		14 122 000	17 957 124		3 835 124	127.16	394.5
Finance Charges	283 000	189 000		189 000	234 585		45 585	124.12	81.5
Materials & Bulk Purchases	1 217 000	-		-			-		0.0
Transfers & Grants	4 553 000	-		-			-		0.0
Other Expenditures	32 548 999	90 558 100		90 558 100	37 850 227		-52 707 873	41.80	115.3
Total Expenditure	135 270 775	190 855 324	0	190 855 324	133 526 783	0	-57 329 541	529.0068285	918.5853934
Surplus/(Deficit)	22 672 225	-50 832 124	0	-50 832 124	-6 734 764	0	44 097 360	-104.9808876	-372.795809
Transfers Recognised - Capital	38 602 000	43 602 000		43 602 000	22 512 434		-21 089 566	51.63	56.95
Contributions Recognised - Capital & Contributed Assets									
Surplus/(Deficit) After Capital Transfers & Contributions	52 274 225	-7 230 124	0	-7 230 124	15 777 670	0	23 007 794	-53.34373252	-315.8490936
Share Of Surplus/(Deficit) Of Associate									
Surplus/(Deficit) For The Year	52 274 225	-7 230 124	0	-7 230 124	15 777 670	0	23 007 794	-53.34373252	-315.8490936
Capital Expenditure & Funds Sources									
Capital Expenditure									
Transfers Recognised - Capital	39 602 000	43 602 000		43 602 000	22 512 434		-21 089 566	51.63	56.85
Public Contributions & Donations									
Borrowing									
Internally Generated Funds									
Total Sources Of Capital Funds	39 602 000	43 602 000	0	43 602 000	22 512 434	0	-21 089 566	51.63165508	56.84671039
Cash flows									
Net Cash From (Used) Operating	79 065 000	60 516 000		60 516 000	60 516 000		-	100	76.54
Net Cash From (Used) Investing	78 385 000	62 979 000		62 979 000	62 979 000		-	100	80.35
Net Cash From (Used) Financing									
Cash/Cash Equivalents At The Year End	157 450 000	123 495 000	0	123 495 000	123 495 000	0	-	200	156.8852855

RECONCILIATION IN THE NOTES TO THE FINANCIAL STATEMENTS

Reconciliation Of Budget Surplus/Deficit With The Surplus/Deficit In The Statement Of Financial Performance	
Net Surplus/Deficit Per The Statement Of Financial Performance	
Adjusted For	
Fair Value Adjustments	
Impairments Recognised/Reversed	
Surplus/Deficit On The Sale Of Assets	
Increases/Decreases In Provisions	
List other relevant adjustments here	
Net Surplus/Deficit Per Approved Budget	